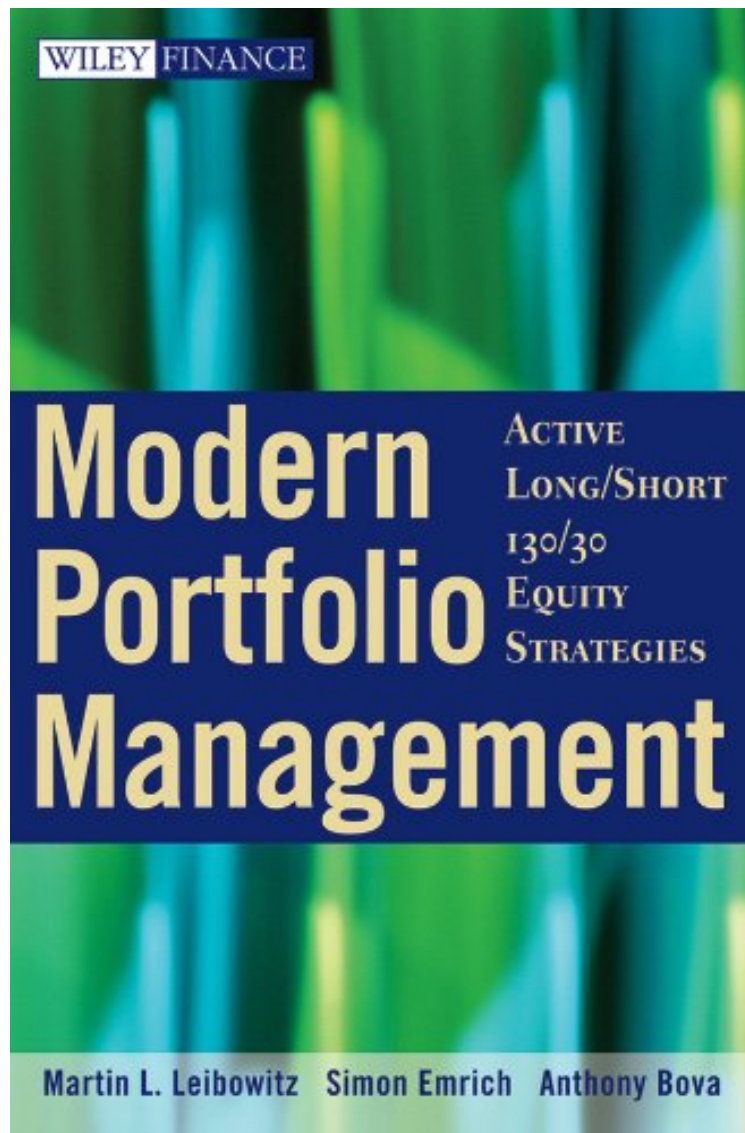


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Modern Portfolio Management: Active Long/Short 130/30 Equity Strategies (Wiley Finance)

Martin L. Leibowitz, Simon Emrich, Anthony Bova
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Martin L. Leibowitz, Simon Emrich, Anthony Bova : Modern Portfolio Management: Active Long/Short 130/30 Equity Strategies (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Modern Portfolio Management: Active Long/Short 130/30 Equity Strategies (Wiley Finance):

Active 130/30 Extensions is the newest wave of disciplined investment strategies that involves asymmetric decision-making on long/short portfolio decisions, concentrated investment risk-taking in contrast to diversification, systematic portfolio risk management, and flexibility in portfolio design. This strategy is the building block for a number of 130/30 and 120/20 investment strategies offered to institutional and sophisticated high net worth individual investors who want to manage their portfolios actively and aggressively to outperform the market.

From the Inside Flap "Investment professionals know that performance is determined not just by their overweights, but also by the positions that they choose to underweight." With this brief statement, Martin Leibowitz captures the essence of what both institutional and individual investors must accomplish for active risk-taking to achieve superior results. In order to find consistent alphas and outperform the market, investors must "think outside the benchmark" in the construction of their portfolios—without taking on too much risk. Active 130/30 extensions, says Leibowitz, can provide the solution. With the growth in active extension (AE) funds over the last few years, the lines have been blurred between traditional equity and what is considered alternative equity. The basic motivation behind the active extension initiative has been the desire for more alpha return without taking on directional leverage or moving too far from traditional equity management. With its beta-one equity risk, its 100% net long base, and its clearly delineated alphas, AE can be viewed as an "incremental" expansion of standard long-only active equity. Indeed, it is these familiar and comfortable features that enable AE strategies to be kept within the basic equity allocation rather than being thrust into the generally smaller allocation dedicated to "alternatives." In addition, 130/30 products have brought transparency into the world of long/short investing, introducing another way to improve governance in the asset management industry. In *Modern Portfolio Management*, Leibowitz and his coauthors offer new strategies for institutional investors who want to manage their portfolios more actively by using 130/30 investment techniques. The 130/30 framework is a natural extension of the basic long-only benchmark-relative strategy that is so widely practiced. This approach seeks to exploit the opportunities that exist between the more efficient long only market and the less efficient short market. This book shows how 130/30 strategies allow asset owners and asset managers to more fully exploit an active manager's information set. The in-depth ideas presented in this volume also go well beyond the strict confines of 130/30's to shed important new light on other types of active management, including fundamental and quantitative long-only as well as the various forms of more flexible long/short funds. *Modern Portfolio Management* offers institutional investors many insights and exciting new ways to think about alpha generation.

From the Back Cover Praise for *Modern Portfolio Management* "This extraordinary book will be the classic work on portfolio management. Nothing I know of comes close to matching its depth of analysis and innovative thinking, as the authors transform the most important lessons of theory into the most sophisticated methodologies for day-to-day decision-making. Leibowitz and his associates have raised portfolio management to a new level, and those who fail to climb up here will rue the day."—Peter L. Bernstein, author of *Capital Ideas Evolving* "Marty Leibowitz is a very smart guy and has been around the quantitative track longer than any of us. Whatever he writes is definitely worth reading."—James Simons, PhD, Chairman and Chief Executive Officer, Renaissance Technologies, LLC "If 130/30 is the new long-only, then this book is an instant classic in investment literature. Dr. Leibowitz and his coauthors have written the definitive treatise on disciplined long/short equity investing, and this book should be required reading for all pension plan sponsors, portfolio managers, and consultants who care about making the most of their investment dollars."—Andrew W. Lo, Harris Harris Group Professor, MIT Sloan School of Management "True to form, Leibowitz brings the practical and theoretical together in this useful compilation of articles regarding active extension strategies. All investors who might consider both long and short positions in active portfolios should have this on their bookshelf for reference."—Scott C. Evans, Executive Vice President, TIAA-CREF "The author team has written an authoritative book on the rapidly growing field of 130/30 portfolios. They offer many unique and practical insights, backed by rigorous analysis, on raising portfolio returns and managing risk in a disciplined manner. The book is an absolute gem for the serious investor."—Aje Saigal, Director, Investment Policy Strategy, Government of Singapore Investment Corporation "A comprehensive and insightful introduction to the attributes of focused and risk-controlled long-short management. This collection of articles, with Martin Leibowitz's path-breaking work at Morgan Stanley Research as the cornerstone, will inspire and guide asset owners to achieve more efficient portfolio allocations."—Knut N. Kjaer, former CEO, Norwegian Government Pension Fund

About the Author MARTIN L. LEIBOWITZ is Managing Director on the U.S. Equity Strategy team at Morgan Stanley. Prior to joining Morgan Stanley in 2004, he was vice chairman and chief investment officer of TIAA-CREF. Leibowitz is a leading authority in the fields of security analysis and overall portfolio allocation strategies. He is the author of four books, including *Franchise Value* (Wiley), and 138 articles, ten of which have won the prestigious Graham and Dodd Award for excellence in financial writing. Leibowitz serves on a number of endowment and foundation investment committees, including Harvard University, University of Chicago, Rockefeller Foundation, Carnegie Corporation, and the Institute for Advanced Study. SIMON EMRICH is Head of Quantitative and Derivative Strategies North America at Morgan Stanley. Most recently, he has worked on issues related to alpha-beta separation and the optimization of alpha views in a benchmark-relative portfolio context, as well as on the implications of the quant meltdown during the

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